

BUSINESS LAW SECTION

Franchise Law Committee

REPORT OF PENDING FRANCHISE LEGISLATION

FRANCHISE LAW COMMITTEE MEETING - MAY 21, 1999

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AB 484

Introduced by Assemblywoman Kuehl on 2/18/99. Would authorize a credit against personal income and corporate income taxes in an unspecified % for costs attributable to developing and distributing intellectual property. The bill intends to create financial incentives for the entertainment industry to remain in CA. However, it logically could be extended to franchising and apply to franchisors either who are based in CA or who license franchisees for locations in CA.

4/7/99: In committee nothing new.

5/19/99: Since last report, bill was amended in committee and has now been re-referred to the Committee on Appropriations. This bill is directed at motion picture and television production. Application to franchising and licensing is more theoretical than real.

SB 123

Introduced by Senator Steve Peace on 12/21/98. Would amend B&P 21200 to make in an unfair business practice for a petroleum refiner, distributor, etc. to forbid a branded gasoline franchisee from buying branded gasoline from any vendor in the franchisor's wholesale network.

4/7/99: Looks like Peace canceled the hearing on this bill for the second time.

5/19/99: Peace made technical corrections to section of bill addressing effective date. Bill would apply only to contracts in force after 1/1/2000 and pre-existing contracts if amended, modified or extended after that date. Changes also delete provision that would have *limited* branded franchise service station operators from securing branded gasoline *only* from refiner owned or operated terminals. This bill is designed to remove contractual barriers to competition at the retail level with the ultimate goal of keeping the retail price of branded gasoline down. This, bill is more consumer-oriented, than franchisee-oriented. Bill would allow branded gasoline stations to shop for their branded gasoline rather than compelling them to accept gasoline delivered to the station at a price set by the oil company. Last action: 5/3/99 read and referred back to committee.

SB 158

Introduced by Senator Johnston on 1/7/99. Would amend the definition of a motor vehicle "dealer" set forth in the Vehicle Code by **repealing** the exclusion for charities.

4/7/99: In committee nothing appears to be happening.

5/19/99: No new developments.

SB 459

This is our bill to add a fractional franchise exemption.

4/7/99: Set for hearing on 4/12.

4/9/99: Sent directly to the Senate Floor.

4/26/99: Passed in Senate. Sent to Assembly.

5/13/99: Sent to Senate Committee on Business & Professions.

AB 1360

Bill to amend the SAMP Act. The bill was introduced on 2/26/99 in the Assembly; referred to the Judiciary Committee on 3/23. A hearing scheduled for 5/12 was canceled. The bill would make the following changes to the SAMP Act: (1) Add an exemption based on net worth and experience based on the same parameters in CFIL § 31101; (2) Add a bona fide wholesale price type of exemption from the definition of "initial payment;" and (3) establish a 3 year - 1 year statute of limitations for actions for damages similar to the CFIL.

AB 1348

Bill would amend the B&P Code sections dealing with trademark rights to create a cause of action for *knowingly* facilitating, enabling or otherwise assisting a person to manufacture or use a counterfeit or colorable imitation of a registered trademark without the registrant's consent. The bill was introduced on 2/26/99; has been amended a few times, and now is in committee. Bill probably does not create new rights not afforded under the Lanham Act. Protects California registered marks.

SB 1178

Existing law prohibits a petroleum franchisor from requiring a franchisee to buy tires, batteries and other accessories only from it. This would add motor oil that list. Just completed 3rd reading in Senate.

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